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August 5, 2016

VIA ECF TRANSMISSION

Honorable Roanne L. Mann
United States Magistrate Judge
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: **Government Employees Insurance Company et al.**
v. Genesis Ortho Supply Corp. et al
Docket No.: 16-cv-02292-NGG-RLM
File No.: 05100-02131

Dear Magistrate Judge Mann:

We represent Plaintiffs Government Employees Insurance Company, et al. (“GEICO”) and we write regarding the status of settlement negotiations between GEICO and the Defendants in this action.

As the Court is aware, GEICO and Horizon Ortho Supply Corp., Genesis Ortho Supply Corp., Gavine Rouslan, Narmina Alieva, Randall Rogg, and Valeriya Nevmatullina (the “DME Defendants”) have been attempting to finalize a settlement intended to resolve all claims asserted by GEICO against the DME Defendants. While it appears as though the parties have agreed to terms, in principal, there are other aspects of the proposed agreement that are still being negotiated. While uncertain, we hope to resolve the matter by the Court’s August 10, 2016 deadline to file a stipulation of discontinuance against these parties.

As to Defendants Mark McMahon, M.D. and Laxmidhar Diwan, M.D. (the “Physician Defendants”), any settlement with these parties is largely dependent on the resolution of GEICO’s claims against the DME Defendants. GEICO’s Complaint alleges that in exchange for consideration, the Physician Defendants prescribed certain medical equipment which was ultimately dispensed by the DME Defendants on a rental basis. However as alleged, neither the equipment nor the duration of the rental periods (which purportedly was determined by the Physician Defendants) was medically necessary considering the nature of the injuries. The DME Defendants then utilized the prescriptions to submit grossly excessive charges to GEICO. Therefore, because the excessive charges submitted by the DME Defendants were borne from the prescriptions issued by the Physician Defendants, it makes sense to first address GEICO’s claims against the DME Defendants before resolving any claims against the Physician Defendants (as

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any settlement with or release as to the Physician Defendants would impact GEICO's ability to prosecute its claims against the DME Defendants should settlement discussions cease.)

Thank you for your attention to this matter.

Very truly yours,

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